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82-1084
NO.

In the Supreme Court of the United States

OCTOBER TERM, 1982

ASSOCIATION OF CO-OPERATIVE MEMBERS, INC. and ELMER GIBSON,

Petitioners,

vs.

FARMLAND INDUSTRIES, INC.,

Respondent.

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FIFTH CIRCUIT

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QUESTIONS PRESENTED

1. Whether a trademark licensee can acquire common law rights in and to a composite trademark, the principal word of said composite mark being owned by and licensed from another.

2. Whether the Licensee Estoppel Doctrine which holds, in part, that all rights in and to a licensed trademark inure to the benefit of the trademark licensor is controlling in this case.

STATEMENT OF INTERESTED PARTIES

The parties having an interest in the outcome of this case, pursuant to Rule 21.1(b) of the Rules of the Supreme Court, are listed as follows:

1. Association of Co-Operative Members, Inc.

2. Elmer Gibson

3. Associated Agencies, Inc.

4. Farmland Industries, Inc.

5. Farmland Life Insurance Company

6. Universal Cooperatives, Inc.

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IN THE
SUPREME COURT OF THE UNITED STATES

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ASSOCIATION OF CO-OPERATIVE MEMBERS, INC. and ELMER GIBSON,

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vs.

FARMLAND INDUSTRIES, INC.,

Respondent.

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FIFTH CIRCUIT

Petitioners Association of Co-Operative Members, Inc. and Elmer Gibson respectfully pray that a Writ of Certiorari issue to review the judgment and opinion of the United States Court of Appeals for the Fifth Circuit entered in this proceeding on September 3, 1982.

OPINIONS BELOW

The opinion of the United States District Court, Western District of Texas, is reproduced as Appendix "A" hereto. The opinion of the United States Court of Appeals for the Fifth Circuit is reproduced as Appendix "B" hereto.

The denial of the Petition for Rehearing is reproduced as Appendix "C" hereto. The affidavit of Floyd E. Grabiel II is reproduced as Appendix "D" hereto.

JURISDICTION

The judgment of the Court of Appeals for the Fifth Circuit was entered on September 3, 1982. A timely Petition for Rehearing was denied on October 4, 1982, and this Petition for Certiorari was filed within ninety (90) days of that date. This Court's jurisdiction is invoked under U.S.C. 1254(1).

TEXT OF AUTHORITIES INVOLVED

1. United States Code, Title 15, Section 1057b:

> A certificate of registration of a mark upon the principal register provided by this Act shall be prima facie evidence of the validity of the registration, registrant's ownership of the mark, and of registrant's exclusive right to use the mark in commerce in connection with the goods or services specified in the certificate, subject to any conditions and limitations stated therein.

2. United States Code, Title 15, Section 1111:

> Notwithstanding the provisions of section 1072 of this title, a registrant of a mark registered in the Patent and Trademark Office, may give notice that his mark is registered by displaying with the mark as used the words "Registered in

U.S. Patent and Trademark Office" or "Reg. U.S. Pat. & Tm. Off." or the letter R enclosed within a circle, thus ® ; and in any suit for infringement under this chapter by such a registrant failing to give such notice of registration, no profits and no damages shall be recovered under the provisions of this chapter unless the defendant had actual notice of the registration.

STATEMENT OF THE CASE

In May, 1979, Petitioner Association of Co-Operative Members, Inc. filed a petition against Respondent in the District Court of Bexar County, Texas, primarily alleging unfair trade practices, fraud and deception. Respondent timely removed the action to the United States District Court for the Western District of Texas, San Antonio Division, on the basis of the parties' diversity of citizenship. Thereafter Respondent Farmland Industries, Inc. and Farmland Life Insurance Company filed a counterclaim against the Association and General Life and Accident Insurance Company.

On December 8, 1980, Respondent and Farmland Life amended their counterclaim, suing the Association, Gibson and Gibson's alleged alter-ego, Associated Agencies Inc., for trademark infringement under Texas law and false representation and false designation of origin under 15 U.S.C. 1125, and dismissed General Life.

On May 28, 1981, the trial court granted Respondent Farmland Industries, Inc.'s Motion for Partial Summary

Judgment, reproducted as Appendix "A" hereto. Petitioners appealed and the Fifth Circuit on September 3, 1982, entered its judgment and opinion; a petition for rehearing was denied on October 4, 1982.

REASONS RELIED ON FOR GRANTING THE WRIT

QUESTION 1—COMMON LAW TRADEMARK

Respondent claims exclusive common law trademark rights in and to a composite mark consisting of the word "COOP" within two meshed circles, as shown, and hereafter designated the Double Circle COOP mark.

The mark illustrated has not been registered by Respondent in any state or in the United States Patent and Trademark Office. It is to be noted that a notice of trademark registration, namely, the letter R enclosed within a circle, as provided in 15 U.S.C. 1111, appears within the composite mark. As stated in the affidavit of Floyd E. Grabiel II (Addendum "D"), Universal Cooperatives, Inc. is the owner of "CO-OP" and licenses Respondent to use "COOP" in the composite mark.

The Fifth Circuit in points [6,7] of its opinion questions whether Respondent Farmland's inclusion in its mark of a prominent element it concedes to belong to Universal prevents it from asserting a valid common law trademark in the entire composite. Furthermore, the Court stated that since Respondent's infringement claim is governed by state law, the issue must be decided as a Texas court would. "The Texas courts have apparently not had occasion to consider the question. We conclude, however, that they would adhere to the general common law principles that other courts have uniformly applied. See *Blue Bell, Inc. v. Farah Manufacturing Co.*, 5 Cir. 1975, 508 F.2d 1260, 1264."

In *Blue Bell, supra*, point [3], the Fifth Circuit held:

> This court must therefore determine what principles the highest state court would utilize in deciding such a question. In view of the statute's stated purpose to preserve common law rights, we conclude the Texas Supreme Court would apply the statutory provision in light of *general principles of trademark* law. (Emphasis Supplied)

In *Warner Bros. Inc. v. Road Runner Car Wash, Inc.*, 189 USPQ 430, based upon general principles of trademark law and wherein a license is involved, it was held that a mere licensee acquires no rights as against the licensor in the licensed mark; licensor, not licensee, is the owner thereof.

"A licensee of a trademark or trade name may not set up any adverse claim in it as against its licensor." *Pacific Supply Cooperative v. Farmers Union Central Exchange, Incorporated and National Cooperatives, Inc.*, 318 F.2d 894.

Turner v. HMH Publishing Co., 154 USPQ 330, supports the contention that use by a controlled licensee inures to the benefit of the registrant, even though the registrant did not itself use the mark. *Mr. Rooter Corporation et al. v. Morris et al.*, 188 USPQ 392.

Since Farmland Industries, Inc. is a member of Universal Cooperatives, Inc., any use of the registered mark by the licensee inures to the benefit of the licensor; Universal Cooperatives, Inc., the trademark licensor, is the owner of the illustrated Double Circle COOP trademark.

QUESTION 2—LICENSEE ESTOPPEL DOCTRINE

Referring again to the Double Circle COOP mark heretofore illustrated, the leading trademark authorities, namely, Vandenburgh, Callmann and Gilson present the general principles of the Licensee Estoppel Doctrine as applied to trademarks.

"The use by the licensee builds up no rights in the mark as against the licensor. The licensee is estopped to deny the licensor's ownership of the mark, ..." Vandenburgh, *Trademark Law and Procedure*, pg. 177.

"By virtue of the contract the licensee is estopped from claiming any rights against the licensor adverse to the terms of the license or the circumstances of use;" Callmann, *The Law of Unfair Competition Trademarks and Monopolies, 1980 Cumulative Supplement*, pg. 454.

The Licensee Estoppel Doctrine "...prohibits the licensee from claiming ownership rights in the licensed mark, ..." "By entering into the license agreement, the licensee recognizes the licensor's ownership of the mark and, by implication, covenants not to challenge the licensor's rights." Gilson, *Trademark Protection and Practice, Volume 1, February 1982 Cumulative Supplement*, pg. 6-40.

"Licensee of trademark or trade name may not set up any adverse claim in it as against its licensor." "Doctrine of licensee estoppel does not permit indirect or direct attack by licensee on its licensor's title to mark." *Seven-Up Bottling Company v. The Seven-Up Company, et al.*, 192 USPQ 121.

"Trademark licensee is estopped from questioning licensor's ownership of licensed rights;" *Distillerie Flli Ramazzotti, S.P.A. v. Banfi Products Corporation*, 151 USPQ 551.

The New York Trust Company et al. v. Believe It Or Not, Inc., et al., 118 USPQ 119, holds that a trademark licensee is estopped to question licensor's ownership of mark.

Referring again to the Grabiel affidavit (Addendum D), affiant lists twenty-five incontestable trademark registrations for the word "CO-OP", the majority of these registrations have been in full force and effect since 1933.

"A certificate of registration of a mark upon the principal register provided by this Act shall be prima facie evidence of the validity of the registration, *registrant's ownership of the mark, and of registrant's exclusive right to use the mark* ...." (Emphasis Supplied), 15 U.S.C. 1057b.

As amply supported by the enumerated case law relating to estoppel and the provisions of the Licensee Estoppel Doctrine, any use of the mark permitted by the uncontroverted owner of the mark "CO-OP" inures to the benefit of the licensor, Universal. Accordingly, as a matter of law, Respondent may not acquire exclusive common trademark rights in the Double Circle COOP mark.

CONCLUSION

The Supreme Court has stated that "The commercial impression of a trade-mark is derived from it as a whole, not from its elements separated and considered in detail. For this reason it should be considered in its entirety..."; *Beckwith*, 252 U.S. at 545-46.

It has been consistently held that marks such as the mark involved herein are unitary and cannot be dissected. Much less can it be said that different parties can own

segmented sections of the same unitary mark. The parts of the mark do not in themselves operate to indicate different ownerships. To permit different parties to claim ownership of the same mark would not only cause confusion among consumers of goods and services but by allowing segmented parts of unitary marks to be owned by different parties would open the door to great mischief in commerce.

Since Farmland's contribution to the composite mark is only the two meshed circles, this logo design merges into the dominant portion of the mark, viz., "COOP" and since two parties cannot own different segments of a unitary mark, the entire mark must be owned by Universal, the registrant of the dominant "COOP."

For these reasons, a writ of certiorari should issue to review the judgment and opinion of the Fifth Circuit.

Respectfully submitted,

JOHN C. STAHL
Attorney for Petitioners,
Association of Co-Operative
Members, Inc.
and Elmer Gibson

APPENDIX "A"

IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF TEXAS
SAN ANTONIO DIVISION

ASSOCIATION OF COOPERATIVE
MEMBERS, INC.,

Plaintiff,

V.

FARMLAND INDUSTRIES, INC.,

Defendant,

and CIVIL ACTION NO. SA-79-CA-188

FARMLAND INDUSTRIES, INC. and
FARMLAND LIFE INSURANCE COMPANY,

Counter-Plaintiffs,

V.

ASSOCIATION OF COOPERATIVE
MEMBERS, INC., ELMER GIBSON
and ASSOCIATED AGENCIES, INC.

Counter-Defendants.

Filed May 28, 1981

ORDER GRANTING PARTIAL SUMMARY JUDGMENT FOR FARMLAND INDUSTRIES, INC., and FARMLAND LIFE INSURANCE COMPANY

On the 28 day of May, 1981, came on to be heard the

Motion for Partial Summary Judgment of Defendant and Counter-Plaintiff Farmland Industries, Inc. ("Farmland") and Farmland Life Insurance Company ("Farmland Life"). All parties appeared by and through their respective attorneys of record, and the Court heard the arguments of counsel, considered Farmland's and Farmland Life's Motion, the affidavits attached thereto, and the pleadings, depositions and answers to interrogatories on file herein, and, being of the opinion that there are no genuine issues of material fact presented by the pleadings, affidavits, depositions and answers to interrogatories as they relate to said Motion, and that as a matter of law Partial Summary Judgment should be entered for Farmland and Farmland Life, the Court finds that Farmland and Farmland Life are entitled to Partial Summary Judgment as prayed for in said Motion.

IT IS THEREFORE ORDERED, ADJUDGED AND DECREED that Counter-Plaintiffs' Farmland and Farmland Life Motion for Partial Summary Judgment against Counter-Defendants Association of Cooperative Members and Elmer Gibson be, and hereby is, granted, and the Court does hereby ORDER, ADJUDGE AND DECREE as follows:

FIRST, that Farmland Industries, Inc. owns and has a common law trademark in the form attached hereto as Exhibit A for all goods and services it produces, markets, sells or renders, and that the Association of Cooperative Members, Inc. and Elmer Gibson have wilfully and inten-

tionally infringed upon this trademark;

SECOND, that the Association of Cooperative Members, Inc. and Elmer Gibson, their agents, servants, employees, officers, directors, attorneys, and all persons or entities in active concert and participation with them are hereby enjoined

(a) from using, directly or indirectly, in the United States the logos attached hereto as Exhibit B, or any other trademark or logo that is similar to or is likely to cause confusion with the trademark pictured in Exhibit A;

(b) from applying for registration of trademark for any logo or trademark that is similar to, or likely to cause confusion with, the trademark pictured in Exhibit A;

(c) to deliver to the Court for eventual destruction all stationery, business cards, or other materials bearing the infringing logos; and

(d) to withdraw and cancel any and all applications and/or registrations of trademarks filed in the United States and any state thereof for any of the logos pictured in Exhibit B or any other logo that is similar to or likely to cause confusion with the trademark pictured in Exhibit A;

THIRD, that Farmland Industries, Inc. and Farmland Life Insurance Company have been damaged by the following acts of the Association of Cooperative Members, Inc. and Elmer Gibson:

(a) the wilfull and intentional infringement upon Farmland Industries, Inc.'s trademark as depicted in Exhibit A;

(b) the false representation and designation of origin in connection with goods and services placed in the stream of commerce; and

(c) the procurement by false or fraudulent means of certificates of registration for trademarks confusingly similar to the trademark owned by Farmland Industries, Inc., which is depicted in Exhibit A;

FOURTH, that Farmland Industries, Inc., and Farmland Life Insurance Company do have and recover from the Association of Cooperative Members, Inc. and Elmer Gibson, jointly and severally, all damages, including but not limited to, attorneys' fees, resulting from the acts listed in the immediately preceding paragraph, and costs of court;

FIFTH, that the Certificates of Registration attached as Exhibits D through G to Farmland Industries, Inc. and Farmland Life Insurance Company's First Amended Counterclaim be and hereby are canceled, and that Farmland Industries, Inc. and Farmland Life Insurance Company do have and recover from the Association of Cooperative Members, Inc. and Elmer Gibson, all attorneys' fees and costs incurred in this cause; and

SIXTH, that Elmer Gibson account to Farmland Industries, Inc. for all profits attributable to the use of any

of the logos attached hereto as Exhibit B.

SIGNED AND ENTERED this 28 day of May, 1981.

/S/ FRED SHANNON
FRED SHANNON
United States District Judge

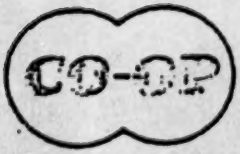
EXHIBIT A

EXHIBIT B

ASSN. OF
Co-Operative
MEMBERS

ASSN. OF
CO-OP
MEMBERS

Co-Operative


CO-OP

APPENDIX "B"

ASSOCIATION OF CO-OPERATIVE MEMBERS, INC.,
Plaintiff-Appellant,

v.

FARMLAND INDUSTRIES, INC.,
Defendant-Third Party
Plaintiff-Appellee,

v.

Elmer GIBSON, Third Party
Defendant-Appellant.

No. 81-1260.

United States Court of Appeals,
Fifth Circuit.

Sept. 3, 1982.

Action for common-law infringement of trademark was brought. The United States District Court for the Western District of Texas, Fred Shannon, J., entered an interlocutory order granting partial summary judgment, and appeal was taken. The Court of Appeals, Wisdom, Circuit Judge, held that inclusion of another's trademark, "CO-OP," in farmers' association's mark which enclosed "CO-OP" in double circle did not render association's mark invalid as common-law trademark where "CO-OP" was not dominant element of association's trademark.

Appeal dismissed in part, affirmed in part.

1. Federal Courts 542

Neither waiver nor agreement of parties can confer jurisdiction Court of Appeals otherwise lacks.

2. Federal Courts 767

Appellate review under statute giving Court of Appeals jurisdiction over appeals from interlocutory orders granting injunctions ordinarily extends only to those parts of interlocutory order that relate to grant of injunction. 28 U.S.C.A. § 1292(a)(1).

3. Federal Courts 767

On appeal from interlocutory order granting injunctive relief in trademark infringement action, Court of Appeals could not consider issues relating to award of monetary relief. 28 U.S.C.A. § 1291(a)(1).

4. Trade Regulation 251

Although federal law recognizes cause of action for trademark infringement, relief is available only to owners of federally registered trademarks. Lanham Trade-Mark Act, § 43(a), 15 U.S.C.A. § 1125(a).

5. Federal Courts 573

On appeal from interlocutory order granting injunctive and monetary relief in trademark infringement action, district court's determination that infringement was willful was not reviewable under statute giving Court of Appeals jurisdiction over interlocutory orders granting injunctions where there was no showing that willfulness was condition of injunctive relief in action for infringement of common-law trademark. 28 U.S.C.A. § 1292(a)(1).

6. Trade Regulation 235

Right of renewal of federal trademark extends only to original registered mark and not to any specimen used in renewal application.

7. Trade Regulation 262

Farmers' cooperative was not precluded from claiming common-law trademark in word "CO-OP" surrounded by double circle even though owner of trademark "CO-OP" included mark in its application for federal registration and renewal of trademarks for "CO-OP" where double circle format was included in renewal and registration applications only as specimen and not as subject of registration and where owner of "CO-OP" made no trademark claim to double circle.

8. Trade Regulation 45

Common words in which no one may acquire trade-

mark because they are descriptive or generic may, when used in combination, become valid trademark.

9. Trade Regulation 42

Mark containing common words which are descriptive or generic can be appropriated as trademark if they are part of arbitrary or fanciful design or device.

10. Trade Regulation 262

Inclusion of another's trademark, "CO-OP," in farmers' association's mark which enclosed "CO-OP" in double circle did not render association's mark invalid as common-law trademark where word "CO-OP" was not dominant element of association's trademark.

11. Trade Regulation 546

Licensor of trademark is usually treated as necessary or indispensable party in infringement action by its licensee.

12. Trade Regulation 546

Owner of trademark "CO-OP" was not necessary party to licensee's common-law action for infringement where licensee's action was for infringement of mark enclosing word "CO-OP" in double circle and "CO-OP" trademark owner claimed no trademark rights in double

circle. Fed. Rules Civ. Proc. Rule 19(a)(2), 28 U.S.C.A.

Appeal from the United States District Court for the Western District of Texas.

Before WISDOM, POLITZ and TATE, Circuit Judges.

WISDOM, Circuit Judge:

This is an appeal from an interlocutory order granting partial summary judgment in favor of Farmland Industries, Inc. (Farmland) and its wholly owned subsidiary, Farmland Life Insurance Co. (Farmland Life), on their trademark infringement claim against the Association of Co-operative Members, Inc. (Association) and Elmer Gibson.[1] In their appeal, Gibson and the Association raise several issues over which this Court does not exercise appellate jurisdiction, and to that extent, we dismiss the appeal. Finding, with respect to the remaining issues, that there are no disputed questions of material fact and that the district court's disposition was sound in law, we affirm.

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[1] The precise nature of Gibson's relationship, if any, with the Association is not clear from the record. The respective roles of Gibson and the Association in the activities giving rise to Farmland's claim are described at p. 4434, *infra*.

I. Statement of the Case

The background to this case and most of the basic facts are undisputed. Farmland submitted numerous affidavits and deposition exerpts in support of its motion for partial summary judgment, and neither Gibson nor the Association filed affidavits disputing the contents of Farmland's filings. Our summary of the background and undisputed facts therefore relies heavily on Farmland's sworn submissions to the district court.

Farmland is a cooperative organization, owned and controlled by the 2,300 local farmers' cooperative associations throughout the country that make up its membership. It provides a full line of goods and services to its members and attempts to supply all the basic needs of the farming community. Among the services Farmland provides its members is insurance, which it sells through Farmland Life.

Since 1958, Farmland has used the "double circle" mark, pictured below, in connection with the goods and services it provides. The mark has appeared on Farmland's advertising, stationery, annual reports, buildings, and labels, although Farmland has obtained neither a state nor a federal registration of it. Farmland has spent millions of dollars, more than 45 million dollars in the past decade alone, on advertising associated with the mark. People throughout the area in which Farmland operates associate the mark with Farmland exclusively.

Farmland is a member of Universal Cooperatives, Inc. (Universal), which holds various registrations for trade and collective marks consisting of or including the word "CO-OP". Universal's by-laws permit its members, including Farmland, to use its marks. It is Farmland's relationship with Universal that, according to Gibson and the Association, raises disputed questions of material fact. Farmland claims the right to include the word "CO-OP" in its mark by virtue of Universal's by-laws. The appellants, however, relying on a statement by counsel for Farmland at the district court hearing, argue that Farmland's right to use Universal's marks derives from a licensing agreement. The appellants also maintain that Universal owns the double circle format used by Farmland, and they have submitted copies of several of Universal's trademark registration and renewal applications, which include reproductions of this mark as specimens. Farmland maintains that Universal has registered only the word "CO-OP" and that the registration and renewal applications included the double circle only as an example of the use of "CO-OP".

The Association is a corporation organized, accord-

ing to its pleadings, "to promote the general interests of members of co-operatives and also promote agricultural interests". To solicit membership, the Association mass-mailed letters to residents of rural communities in Texas, advertising insurance as well as membership. The letters and envelopes bore the Association's logo, reproduced below. The Association and Gibson, who handled the mass mailing, were apparently aware of Farmland's use of the double circle. Farmland has submitted affidavits of several consumers who were misled by the Association's logo and responded to the mailing in the belief it was from Farmland.

The mailings contained forms that consumers who were interested could complete and return. Gibson sold these responses to General Life and Accident Insurance Co. (General) for $18.50 each, and General agents then called on those who responded. The agents tried to sell both insurance and membership in the Association. Consumers choosing to join the Association subsequently received catalogues bearing its logo and advertising farm and household supplies and equipment that the Association would sell to its members. Much of the merchandise was of the same type Farmland markets.

In April 1979, Farmland learned of the Association's activities and wrote the Association and General, notifying them of what it considered a trademark infringement and demanding that they cease using the infringing logo. In May 1979 the Association filed for registration of its trademark in several states, including Texas, and sued Farmland in state court in Texas, alleging fraud, restraint of trade, and defamation.

Farmland removed the action to the United States District Court for the Western District of Texas, relying for subject matter jurisdiction on diversity of citizenship. Farmland then moved to dismiss and, with Farmland Life, filed a counterclaim against the Association and General for trademark infringement. In December 1980, Farmland and Farmland Life amended their counterclaim, suing the Association, Gibson, and Gibson's alleged alter-ego, Associated Agencies, Inc., for trademark infringement under Texas law, false representation and false designation of origin under § 43(a) of the Trademark Act of 1946, 15 U.S.C. § 1125(a), false procurement of trademark registrations, and unjust enrichment.[2] Farmland sought injunctive relief, cancellation of any registrations of the infringing trademark, damages, and attorney fees.

Early in 1981, Farmland and Farmland Life moved for partial summary judgment, as did the Association. The district court denied the Association's motion and granted that of Farmland and Farmland Life. The court held that

[2] When it amended its counterclaim, Farmland moved to dismiss General from the case. The district court granted the motion.

Farmland owns a common law trademark in the double circle and that the Association and Gibson had willfully and intentionally infringed it. It enjoined the Association and Gibson from using or registering any logo likely to cause confusion with Farmland's trademark and ordered them to deliver to the court for destruction all materials bearing the infringing logo and to withdraw and cancel any application to register a logo infringing Farmland's trademark. The court also found that the actions of Gibson and the Association amounted to "false representation and designation of origin in connection with goods and services placed in the stream of commerce" and that they had fraudulently procured trademark registrations. On these grounds, as well as that of trademark infringement, the court awarded Farmland and Farmland Life damages and attorney fees. In addition, the court cancelled existing registrations of the Association's infringing trademarks and ordered Gibson to account to Farmland and Farmland Life for profits attributable to the use of infringing logos. The district court withheld consideration of the measure of damages and of the Association's defamation claim pending our disposition of this appeal.

The appellants, Gibson and the Association, argue that Farmland's rights in the double circle do not amount to a common law trademark but are dependent on Farmland's relationship with Universal, and that this relationship is subject to disputed questions of material fact. They also argue that Universal is a necessary party to this litigation. As we discuss below, we find these arguments with-

out merit. In their reply brief, the appellants argue, in addition, that a disputed question of material fact exists concerning the willfulness of any infringement they committed and that Farmland Life is not entitled to relief because it does not own a common law trademark in the double circle. As to these issues, our appellate jurisdiction is doubtful. To the extent we may have appellate jurisdiction of these issues, we decline to exercise it and dismiss the appeal. We discuss appellate jurisdiction first.

II. Appellate Jurisdiction

[1] Farmland does not dispute the right of Gibson and the Association to appeal from the district court's interlocutory order. At the hearing on Farmland's motion for partial summary judgment, the parties apparently agreed not to raise the question of appellate jurisdiction. Neither waiver nor agreement of the parties, however, can confer jurisdiction we otherwise lack, and this Court has frequently considered the issue of appellate jurisdiction on its own motion. *E.g., Oswalt v. Scripto,* 5 Cir. 1980, 616 F.2d 191, 192; *United States v. Beasley,* 5 Cir. 1977, 558 F.2d 1200 (per curiam). Since we have serious doubts about the appealability of parts of the district court's order, it is appropriate to consider the question.

[2,3] Our inquiry centers on 28 U.S.C. § 1292(a)(1), which gives the Courts of Appeals jurisdiction of appeals from "[i]nterlocutory orders ... granting ... injunctions".[3]

[3] We have also considered the applicability to this case of 28

Since the order appealed from granted an injunction, § 1292(a)(1) is applicable on its face. Appellate review under § 1292(a)(1), however, ordinarily extends only to those parts of an interlocutory order that relate to the grant of an injunction. *Teamsters Local Union 745 v. Braswell Motor Freight Lines, Inc.*, 5 Cir. 1970, 428 F.2d 1371, 1373 & n.3, *cert. denied*, 1971, 401 U.S. 937, 91 S.Ct. 926, 28 L.Ed.2d 217; 11 C. Wright & A. Miller, Federal Practice & Procedure § 2962 at 629-30 (1973); 16 *id.*, § 3921 at 16 (1977). But *see Myers v. Gilman Paper Corp.*, 5 Cir. 1977, 544 F.2d 837, *cert. dismissed*, 434 U.S. 801, 98 S.Ct. 28, 54 L.Ed.2d 59. The district court's order in this case awarded monetary as well as injunctive relief and, accordingly, granted summary judgment on some questions that have no bearing on the issuance of a permanent injunction. Some of these questions are not before us and thus present no problem of appellate jurisdiction. To the extent the appellants raise others of these questions, however, we dismiss their appeal, without prejudice as to those issues in case of an appeal from final judgment.

(Footnote 3 continued)
U.S.C. § 1292(b), which gives this Court discretion to permit appeal from an interlocutory order if the district judge is "of the opinion that such order involves a controlling question of law as to which there is substantial ground for difference of opinion and that an immediate appeal from the order may materially advance the ultimate termination of the litigation". At the hearing on Farmland's motion for partial summary judgment, the district court stated its intention to permit an appeal. Section 1292(b), however, applies only if the district court has certified in writing that the criteria for appealability of an interlocutory order are met. *United States v. Beasley*, 5 Cir. 1977, 558 F.2d 1200 (per curiam); *Cobb v. Chevron U.S.A., Inc.*, 5 Cir. 1977, 558 F.2d 236 (per curiam). Since the district court has provided no such certification, § 1292(b) cannot serve as a basis for jurisdiction of the appeal.

The restriction of appellate review to the injunctive aspects of the district court's order has been described both as a jurisdictional limitation, *Teamsters Local Union 745,* 428 F.2d at 1373, and as a rule of judicial administration, *Western Electric Co., Inc. v. Milgo Electronic Corp.,* 5 Cir. 1978, 568 F.2d 1203, 1208, *cert. denied,* 439 U.S. 895, 99 S.Ct. 255, 58 L.Ed.2d 241. We need not decide which of these characterizations is the more apt. To the extent we may have power to consider issues that do not pertain directly to the injunction granted in this case, we decline to exercise it.

[4] We thus do not consider Farmland's federal claim under § 43(a) of the Trademark Act of 1946, 15 U.S.C. § 1125(a). Section 43(a) establishes a cause of action for "false designation of origin". This Court has held that infringement of an unregistered trademark can constitute a violation of § 43(a) and that injunctive relief is available in such a case, if the plaintiff shows that the unregistered trademark is "so associated with its goods that the use of the same or similar marks by another company constitutes a representation that its goods come from the same source". *Boston Professional Hockey Association, Inc. v. Dallas Cap & Emblem Mfg., Inc.,* 5 Cir. 1975, 510 F.2d 1004, 1010 (quoting *Joshua Meier Co. v. Albany Novelty Mfg. Co.,* 2 Cir. 1956, 236 F.2d 144), 1013, *cert. denied,* 423 U.S. 868, 96 S.Ct. 132, 46 L.Ed.2d 98; *see also* 1A R. Callman, Unfair Competition, Trademarks, & Monopolies § 5.04 (4th ed. 1981). Although the district court determined that Gibson and the Association had committed "false

representation and designation of origin", however, it expressly made this determination a basis only for monetary relief and did not rely on it in deciding to issue an injunction. We therefore consider the appeal only to the extent that it calls into question the district court's disposition of Farmland's state-law claims.[4] This conclusion does not require dismissal of any part of the appeal, because the appellants have not raised any issues relating specifically to the federal claim. It does, however, have the important effect of requiring us to decide all issues before us only by reference to Texas law. *See El Chico, Inc. v. El Chico Cafe*, 5 Cir. 1954, 214 F.2d 721, 724.

[5] The appellants raise two issues over which we do not exercise jurisdiction. First, they challenge the district court's determination that their infringement of Farm-

[4] Farmland asserts a claim for trademark infringement only under Texas law. Although federal law does recognize a cause of action for trademark infringement, 15 U.S.C. § 1114(1), relief is available only to owners of federally registered trademarks, *see El Chico, Inc. v. El Chico Cafe*, 5 Cir. 1954, 214 F.2d 721, 724 (quoting *Pecheur Lozenge Co. v. National Candy Co.*, 1942, 315 U.S. 666, 667, 62 S.Ct. 853, 853-54, 86 L.Ed. 1103, 1104-05 (per curiam)). As noted above, *see* p. 4433, *supra*. Farmland has not registered the double circle.

Farmland's claim for false procurement of trademark registration under Texas law was part of the basis for monetary relief but was not mentioned in the injunctive portion of the district court's order. False registration was, however, the ostensible basis for the district court's cancellation of the Association's registrations. We need not decide whether this form of relief would be considered injunctive for purposes of appellate jurisdiction, because the appellants have not raised any issues that relate to the cancellation remedy specifically. All the issues on which we affirm the district court concern the injunction based on trademark infringement, whether or not they also concern cancellation of the Association's registrations.

land's mark was willful and intentional. The appellants argue that they ceased to use the infringing logo as soon as Farmland notified them of its position and that the question of willfulness is thus in dispute. The appellants have referred us to no authority, however, that a showing of willfulness is a condition of injunctive relief in an action for infringement of a common law trademark, and the Texas authority is to the contrary. *See Western Grocer Co. v. Caffarelli Bros.*, Tex.Civ.App. 1908, 108 S.W. 413, *Western Grocer Co. v. Caffarelli Bros.*, Tex.Civ.App. 1908, 108 S.W. 413, 414, *rev'd on other grounds*, 1908, 102 Tex. 104, 127 S.W. 1018; *cf.* Tex.Bus. & Com.Code Ann. §§ 16.26(a), (b) (Vernon 1968) (same for registered trademarks). We therefore dismiss the appeal to the extent it challenges summary judgment on the question of willfulness.

We similarly dismiss the appeal insofar as it concerns the relief granted Farmland Life. The appellants argue that Farmland Life has never used the double circle and therefore cannot claim a common law trademark in it, even if Farmland itself can. The district court however, did not find that Farmland Life has a common law trademark in the double circle, and its finding that Farmland itself does own a trademark (which we affirm below) is sufficient to justify the injunction. We do not consider whether the award of monetary relief to Farmland Life would be appropriate.

Having delineated the scope of our jurisdiction as we exercise it in this case, we now turn to those issues that

fall within it: whether Farmland owns a common law trademark in the double circle and whether Universal is a necessary party to the action.

III. Farmland's Rights in the Double Circle

The central question in this case is whether Universal's rights in its registered trade and collective marks affect Farmland's right to claim a common law trademark in the double circle. The appellants do not dispute that Farmland's appropriation and use of the double circle are sufficient, absent any conflicting rights in Universal, to establish ownership of a common law trademark. Nor do they deny that the Association's logo is likely to be confused with Farmland's and would be an infringement if Farmland owned the trademark. They argue, rather, that Farmland cannot claim a common law trademark in the double circle, because Universal owns it and licenses it to Farmland. They also argue that Universal's ownership and registration of the trademark "CO-OP", which is a prominent element of Farmland's double circle, preclude Farmland from claiming a common law trademark. We reject both arguments.

[6,7] The appellants have neither established that Universal owns a trademark in the double circle nor put the question sufficiently in dispute to withstand a motion for summary judgment. In support of their position, the appellants submitted to the district court certified copies of several applications by Universal and its predecessor

National Cooperatives, Inc., for federal registration and renewal of trademarks in the word "CO-OP". These applications include, among the specimens of "CO-OP", Farmland's double circle. To show that Universal claims rights in the double circle, the appellants have also submitted a copy of a complaint Universal filed against the Association in the United States District Court for the District of Columbia in 1979. The complaint alleged that the Association's logo, at issue here, infringed Universal's trademark. But these submissions do not sustain the appellants' position. Registration or renewal concerns only the mark registered and does not extend to the specimens submitted with an application. The inclusion of the double circle among different specimens creates no presumption that Universal owns a trademark in it.[5] And Universal's complaint in the District of Columbia alleged infringement only of the word "CO-OP"; it did not claim any rights in the double circle.

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[5] The appellants submitted to the district court copies of one application for registration (No. 872,627) and two applications for renewal (Nos. 357,727 and 537,472). The application in No. 872,627 included five specimens, but the appellants submitted a copy of only one, a facsimile of the double circle. The application itself does not refer to the double circle, and we cannot assume that the specimens the appellants have chosen not to introduce all consisted of the double circle. The application for renewal of No. 357,727 included numerous specimens consisting of the word "CO-OP" in different designs and cannot be taken as evidence of a trademark in any one of these designs. The renewal application in No. 537,472 included only one specimen, a facsimile of Farmland's double circle. But the right of renewal extends only to the original registered mark, *see Ex parte Richards, Comm'r Pat.* 1967, 153 U.S.P.Q. 853, 854, not to any specimen used in the renewal application. The appellants have produced no evidence that the mark originally registered in No. 537,472 included the double circle.

The appellants' filings, although they cannot establish that Universal owns the double circle, might, standing alone, be enough to put the matter in dispute. But Farmland has countered the appellants' contentions with the sworn affidavit of Floyd E. Grabiel II, a Universal official "personally familiar with and responsible for Universal's trademarks". Grabiel's affidavit states that "Universal has no claim and makes no claim to Farmland's Double Circle trademark. With regard to Farmland's Double Circle trademark, Universal claims ownership of only the word 'COOP'." The affidavit also states that the double circle format was included in renewal and registration applications only as a specimen and not as the subject of any trademark registration. Since the appellants have submitted no sworn statement disputing Grabiel's ability to speak authoritatively on Universal's position, and their filings can be explained consistently with Grabiel's affidavit, those filings do not put any material question of fact in dispute. Universal makes no claim to the double circle, and Farmland's use of the mark cannot be subject to a license by Universal.

The question we are left with, then, is whether Farmland's inclusion in its mark of a prominent element it concedes to belong to Universal prevents it from asserting a valid common law trademark in the entire composite. As we have observed, *see* p. 4436, *supra*, Farmland's infringement claim is governed by state law, and we must decide the issue as a Texas court would. The Texas courts have apparently not had occasion to consider the question. We

conclude, however, that they would adhere to the general common law principles that other courts have uniformly applied. *See Blue Bell, Inc. v. Farah Manufacturing Co.*, 5 Cir. 1975, 508 F.2d 1260, 1264.

[8,9] The whole, in trademark law, is often greater than the sum of its parts. Common words in which no one may acquire a trademark because they are descriptive or generic may, when used in combination, become a valid trademark. *E.g., In re Colonial Stores, Inc.*, 1968, 394 F.2d 549, 55 CCPA 1049; *Scientific Applications v. Energy Conservation Corp.*, N.D.Ga.1977, 436 F.Supp. 354, 360; *National Trailways Bus System v. Trialway Van Lines, Inc.*, E.D.N.Y.1963, 222 F.Supp. 143, 145. *See also* 1 J. Gilson, Trademark Protection and Practice § 2.02[5] (1982). Similarly, a mark containing such words can be appropriated as a trademark if they are "part of an arbitrary or fanciful design or device." *Estate of Beckwith v. Commissioner of Patents*, 1920, 252 U.S. 538, 541, 40 S.Ct. 414, 415, 64 L.Ed. 705, 706. *Cf. Quabaug Rubber Co. v. Fabiano Shoe Co.*, 1 Cir. 1977, 567 F.2d 154 (color alone cannot constitute valid trademark, but color in combination with distinctive shape can). As the Supreme Court has said, "The commercial impression of a trademark is derived from it as a whole, not from its elements separated and considered in detail. For this reason it should be considered in its entirety ...." *Beckwith*, 252 U.S. at 545-46, 40 S.Ct. at 416-17, 64 L.Ed. at 708 (citation omitted).

This principle is not restricted to composites includ-

ing descriptive or generic elements but extends to a mark that, like Farmland's, contains an element that cannot itself belong to the user of the composite because it belongs, or might belong, to someone else. In *In re Franklin Press, Inc.*, Cust. & Pat.App.1979, 597 F.2d 270, the Court of Customs and Patent Appeals allowed registration of the applicant's composite mark, which included the words "Employees Represented By ITU, IPPU & GCU, & GAIU". The applicant had, pursuant to § 6 of the Trademark Act of 1946, 15 U.S.C. § 1056, disclaimed any interest in this language apart from its use in the composite mark. The Trademark Trial and Appeal Board of the Patent and Trademark Office (PTO) had upheld an examiner's decision finding the disclaimer insufficient to render the mark registrable and refusing to register the mark unless the language was deleted. The Board found that "since the phrase contain[ed] proprietary indica of origin of parties other than applicant, the registration thereof as a part of a composite mark would be inimical and contrary to the rights of ownership possessed therein by these parties". 597 F.2d at 272. The Court of Customs and Patent Appeals reversed the Board's decision, holding that the applicant's disclaimer of the phrase in question adequately addressed the Board's concerns. The court found that the PTO had not shown what harm registration of the mark would cause the proprietary rights of the labor organizations named in the disputed phrase. The court held that the PTO lacked power to assert the unions' rights *sua sponte* and that those rights could be asserted only by the affected unions in an opposition to the registration.

Id. at 274.

[10] Several grounds might be advanced for distinguishing the present case from *Franklin Press*, but none persuades us that the principle of that case is inapplicable here. First, the court in *Franklin Press* noted that the examiner had expressly found that the mark in question did not "so resemble[] any registered mark as to be likely to cause confusion...". *Id.* at 273. The district court in the present case did not determine that Farmland's double circle is unlikely to be confused with Universal's registered trademark. The appellants, however, have not established, or even argued, that Farmland's trademark is invalid because it so resembles Universal's. They argue only that inclusion of Universal's mark in the composite double circle automatically renders the latter invalid as a trademark. *Franklin Press* establishes that inclusion of another's mark in a composite does not automatically preclude trademark status and does not of its own force establish likelihood of confusion. *See also Armstrong Cork Co. v. World Carpets, Inc.*, 5 Cir. 1979, 597 F.2d 4916, 501-04, *cert. denied*, 444 U.S. 932, 100 S.Ct. 277, 62 L.Ed.2d 190; 3 R. Callman, Uniform Competition, Trademarks, & Monopolies § 82.1(g) at 656 (3d ed. 1969).[6]

[6] Our holding on this point is narrow. We conclude only that the appellants' legal arguments in this case do not establish that Farmland's mark so resembles Universal's as to be invalid. We need not decide whether Universal (if it sought to) could show, by means, for example, of evidence of actual confusion on the part of consumers, that the double circle does in fact infringe on its registered mark. Neither need we now consider what effect Universal's by-laws or any license of the word "CO-OP" to Farmland, if one exists, would have on such a showing.

In this connection, we note that the word "CO-OP" in Farmland's mark is obviously more prominent than the disputed language in *Franklin Press*. If "CO-OP" is the dominant element of Farmland's trademark, its inclusion might be enough to render the latter invalid as an infringement of Universal's rights. *See 3 Callman* § 82.1(g) at 656-57. The appellants, however, have not established that the "CO-OP" element so dominates the double circle, and visual prominence alone does not make an element dominant. The dominant element of a trademark is the element most readily associated with the products or services it identifies. *Id.* at 659-60. And when a composite includes both words and a design, the design element is likely to dominate if it is more conspicuous or well known to the purchasing public. *See Crown Overall Mfg. Co. v. Chahin*, W.D.Tex.1951, 96 F.Supp. 805, *aff'd*, 5 Cir. 1953, 200 F.2d 935; *Caffarelli Bros. v. Western Grocery Co.*, 1908, 102 Tex. 104, 127 S.W. 1018; 3 *Callman* § 82.1(g)(4) at 703-05. It is thus significant that, as Farmland has established by uncontradicted affidavits, the farming community associates the double circle design with Farmland, and Farmland members are known by the words "double circle". More important, the appellants' own filings in this case (specifically, exhibits 4-8 to their original complaint) establish that the word "Co-op" is widely used as a trademark in numerous industries and thus that it is a relatively "weak" mark. *See* 1 J. Gibson, Trademark Protection and Practice § 2.01 at 2-3 (1982). A word that may be subject to lessened trademark protection because of its popularity and lack of distinctiveness[7] is not likely, when in-

[7] *See 3 Callman* § 82.1(b) at 755-56.

cluded in a composite, to be the element that attracts the public's attention. *Cf. Sun Banks of Florida, Inc. v. Sun Federal Savings and Loan Assoc.*, 5 Cir. 1981, 651 F.2d 311, 317 (because the word "sun" is commonly used by Florida businesses, its inclusion in the trademarks of two banks does not create confusing similarity). In the light of these considerations, we cannot hold that "CO-OP" is the dominant element of Farmland's trademark.

It might also be argued that the procedure for opposition to trademark registration, by which the unions could have protected their interests in *Franklin Press*, is unavailable in a common law infringement action. But it is obvious from the affidavits filed in this case that Universal has known of Farmland's double circle for years and that it recognizes Farmland's common law trademark rights in it. Moreover, because Universal is not a party in this case, nothing we decide would preclude it from asserting, in a future infringement action against Farmland, that Farmland's mark is likely to cause confusion with its own.[8]

Finally, the applicant in *Franklin Press* had, pursuant to § 6 of the Trademark Act of 1946, formally disclaimed the language in question, apart from its use in the mark to be registered. By contrast, no statute specifi-

[8] We need not decide whether the Grabiel affidavit filed in this case might result in an estoppel against Universal on such a claim. *See* note 10, *infra*. Whatever the legal effect of the affidavit, our decision in this case does not enhance it. What matters for present purposes is that, if Universal is precluded from raising this claim, that preclusion does not result from any holding in this case.

cally provides for any such formal disclaimer in the present infringement action. But while disclaimer may be required for registration, it cannot be a condition of common law rights in a trademark. As the court stated in *Franklin Press*, "common law rights in the composite mark ... remain unaffected without regard to ... disclaimer of the phrase in question...". 597 F.2d at 273. More fundamentally, however, Farmland has effectively disclaimed any rights in the word "CO-OP" apart from its use in the double circle. Its filing of the Grabiel affidavit, which claims those rights for Universal, is sufficient disclaimer for all practical purposes.

We thus conclude that the presence of Universal's registered mark in Farmland's composite does not defeat the latter's validity as a common law trademark. This is so whether Farmland uses the word "CO-OP" by virtue of Universal's by-laws or by virtue of a licensing agreement; it would be so if the relationship between Farmland and Universal consisted of nothing more than the latter's failure to prosecute a successful infringement action against the former. Thus, even if the appellants have succeeded in raising a disputed question of fact concerning Farmland's authority to use "CO-OP", the question is not material.[9]

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[9] We consequently find unpersuasive the appellants' argument that the licensee estoppel doctrine prevents Farmland from claiming common law rights in the double circle. The doctrine precludes the licensee of a mark from asserting rights in it contrary to those of the licensor. *See 3 Callman* § 78.2 at 454 (3d ed. 1969); 1 J. Gibson, Trademark Protection and Practice § 6.03[7] (1982). The appellants have referred us to no case, however, in which the doctrine operated in favor of

IV. Universal as a Necessary Party

The appellants argue that Universal is a necessary party to this action and that partial summary judgment for Farmland without the joinder of Universal was error. The appellants' argument rests, however, on the premise that Farmland licenses the double circle from Universal, a premise we have rejected, *see* pp. 4437-4438, *supra*. We thus find no error in the district court's granting of partial summary judgment in the absence of Universal.

[11] The licensor of a trademark is usually treated as a necessary or indispensible party in an infringement action by its licensee. *Pure Food Products, Inc. v. American Bakeries Co.*, N.D.Ill.1972, 176 U.S.P.Q. 233. Sound reasons support this rule. Even if Farmland's use of the word "CO-OP" is under license from Universal, however, those reasons do not apply in this case because no rights in the word "CO-OP" itself are in dispute.

Rule 19(a)(2), Fed.R.Civ.P., requires joinder of a party if

> he claims an interest relating to the subject of

(Footnote 9 continued)
anyone other than the licensor, and our research has led us to no case in which a third party invoked it. *See id.* §8.12[10]. More fundamentally, we have already established that the double circle does not belong to Universal, and Universal therefore cannot have licensed it to Farmland. Since Farmland claims no rights in Universal's mark "CO-OP", apart from its use in the double circle, it asserts no rights inconsistent with Universal's.

> the action and is so situated that the disposition of the action in his absence may (i) as a practical matter impair or impede his ability to protect that interest or (ii) leave any of the persons already parties subject to a substantial risk of incurring double, multiple, or otherwise inconsistent obligations by reason of his claimed interest.[10]

The licensor of a trademark that is the subject of an infringement action by a licensee falls squarely within the language and policy of this rule. As owner of the mark, the licensor has a legally protected interest in the subject matter of the action. *See* 3A J. Moore & J. Lucas, Moore's Federal Practice ¶ 19.07-1[2] at 19-129, ¶ 19.14[2.-2] at 19-276 (1982); 7 C. Wright & A. Miller, Federal Practice & Procedure § 1614 at 154-55 (1972). A judgment for the alleged infringer, whether based on a finding that the licensed mark is not a valid trademark or that the defendant's mark does not infringe it, may prejudice the licensor's rights in his own mark. A judgment for the plaintiff-licensee could result in double obligations for the defendant, should the licensor subsequently sue on his own.

[12] This is not the case where, as here, the rights asserted in the trademark derive not from a license agreement but from the common law. It is irrelevant that the mark is a composite, an element of which belongs to a third

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[10] Clause (1) of rule 19(a) is clearly inapplicable. It requires joinder of a party if "in his absence complete relief cannot be accorded among those already parties". The appellants have not attempted to show, nor can we see, how Universal's absence from the case could affect the district court's ability to grant the relief Farmland has sought.

party and might be the subject of a license agreement. In the present case, Universal claims no rights in the double circle. A judgment for Gibson and the Association would not prejudice Universal's rights in its registered marks; it would only deny Farmland the right to prevent the Association from using the allegedly infringing logo.[11] Judgment for Farmland will not subject the appellants to multiple or inconsistent obligations, since Universal does not claim ownership of the infringed trademark.[12]

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[11] This conclusion is especially appropriate in the present case. Because Farmland's composite includes a prominent element that belongs to Universal, it might be argued that a determination that the Association's logo does not so resemble Farmland's as to cause confusion creates a presumption that it does not so resemble Universal's mark either. The appellants do not dispute the resemblance between the Association's mark and Farmland's, however, *see* p. 4437, *supra*, and a judgment for the appellants could thus be based only on a finding that Farmland lacks a valid trademark. Obviously, a judgment on this basis could not have any bearing on Universal's rights in its marks.

[12] We are mindful that Universal, although claiming no interest in the double circle, might sue the Association on the theory that its logo infringes the simple mark "CO-OP" as well as farmland's composite. Universal apparently raised precisely this claim in its 1979 complaint in the District of Columbia. *See* p. 4437, *supra*. It is possible, however, that Universal's position on this claim has changed or that Universal would be estopped to make it. According to affidavits filed in the present action, Universal recognizes Farmland's common law trademark. This recognition entails the concession that Farmland's mark does not infringe Universal's. In view of the similarity between the Association's mark and Farmland's, Universal may be unable to argue successfully that one infringes while the other does not.

We need not decide, however, whether Universal may have any rights against the present appellants. We now review only the grant of injunctive relief and the determination of issues necessary to the issuance of an injunction. *See* pp. 4435-4436, *supra*. The injunction in this case would not impose inconsistent obligations on the appellants, even if Universal could obtain a similar injunction or recover damages.

CONCLUSION

The district court's determination that Farmland owns a common law trademark in the double circle rested on no disputed factual question. That an element of the composite mark might have been the subject of a license agreement is irrelevant to this determination. The district court also acted properly in granting partial summary judgment without requiring the joinder of Universal in the action. The district court's findings that the infringement in this case was willful and intentional and that Farmland Life was damaged by the appellants' actions, however, were not necessary to the grant of injunctive relief. Review of these findings is therefore beyond the scope of the appellate jurisdiction we exercise under 28 U.S.C. § 1292(a)(1).

For these reasons, the appeal is DISMISSED IN PART, and the order of the district court is AFFIRMED IN PART.

APPENDIX "C"

IN THE UNITED STATES COURT OF APPEALS
FOR THE FIFTH CIRCUIT

NO. 81-1260

ASSOCIATION OF CO-OPERATIVE MEMBERS, INC.,

Plaintiff-Appellant,

versus

FARMLAND INDUSTRIES, INC.,

Defendant-Third Party Plaintiff-Appellee,

versus

ELMER GIBSON,

Third Party Defendant-Appellant.

Appeal from the United States District Court for the Western District of Texas

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ON PETITION FOR REHEARING

(October 4, 1982)

Before WISDOM, POLITZ and TATE, Circuit Judges.

PER CURIAM:

IT IS ORDERED that the petition for rehearing filed in the above entitled and numbered cause be and the same is hereby denied.

ENTERED FOR THE COURT:

United States Circuit Judge

APPENDIX "D"

AFFIDAVIT

STATE OF Minnesota §
§
COUNTY OF Hennepin§

My name is Floyd E. Grabiel II. I am the Asst. Secretary of Universal Cooperatives, Inc. ("Universal"). I am personally familiar with and responsible for Universal's trademarks.

Universal is a national cooperative whose members are various regional cooperatives. One of its members is Farmland Industries, Inc. ("Farmland").

Universal is the holder and owner of numerous trademark registrations for the word "CO-OP". These registrations are listed below.

Mark	Reg. No.
"CO-OP"	303,450
"CO-OP"	310,340
"CO-OP"	357,727
"CO-OP"	358,787
"CO-OP"	361,160
"CO-OP"	366,016
"CO-OP"	374,276
"CO-OP"	375,085
"CO-OP"	377,731
~~"CO-OP"~~	~~377,941~~
"CO-OP"	377,942
"CO-OP"	378,447

"CO-OP"	379,235
"CO-OP"	379,838
"CO-OP"	379,852
"CO-OP"	380,280
"CO-OP"	386,373
"CO-OP"	386,642
"CO-OP"	389,580
"CO-OP"	396,454
"CO-OP"	531,883
"CO-OP"	537,472
"CO-OP"	537,473
"CO-OP"	537,904
"CO-OP"	703,543
"CO-OP"	872,627

By usage through the years, Farmland has acquired a common law trademark in the mark attached hereto as *Exhibit "A."* Universal has no claim and makes no claim to Farmland's Double Circle trademark. With regard to Farmland's Double Circle trademark, Universal claims ownership of only the word "COOP". Universal has licensed Farmland to use the word COOP in Farmland's Double Circle trademark, and Universal has no objection to Farmland's use of the word "COOP" in Farmland's Double Circle trademark.

In various renewal applications for Universal's CO-OP trademark, Universal has provided the Commissioner of Patents and Trademarks with examples of current use of the word CO-OP. For example, with regard to trademark registration No. 357,727, in an application for second renewal filed February 24, 1978, in the United States Patent and Trademark Office (Trademark Office), Universal

submitted as an example of use by is licensee Farmland of a label including Universal's registered mark CO-OP along with Farmland's Double Circle logo design trademark. Also, in regard to trademark registration No. 537472 in an application for renewal filed November 10, 1970, in the Trademark Office, National Cooperatives, Inc., (National), predecessor in interest to Universal, submitted an example of use by its licensee Farmland of a label used on fertilizer which included Universal's registered mark CO-OP accompanied by Farmland's Double Circle logo design trademark. With regard to trademark registration No. 872,627 in an application for trademark registration filed August 19, 1968, in the trademark office, National submitted as an example of use a picture of two Farmland employees wearing Farmland shirts bearing the registered CO-OP mark of Universal and Farmland's Double Circle logo design trademark. In all of these instances, the only mark that Universal or National was claiming was the word CO-OP. In none of these instances did Universal or National claim any proprietary right to Farmland's Double Circle logo design trademark as pictured in Exhibit A or as submitted as an example of current use of the word CO-OP in the above referenced filings. Universal submitted only evidence of the use of the registered mark CO-OP by one of its licensees which inured to the benefit of Universal.

/S/Floyd Grabiel
_____ of Universal Cooperatives, Inc.

SUBSCRIBED AND SWORN TO before me the undersigned authority on this 7th day of May, 1981.

ELEANOR HANSON
Notary Public in and for
Hennepin County, Minnesota

ELEANOR HANSON
Notary Public,Hennepin County, Minn.
My Commission Expires July 21, 1983
(Printed or stamped name of Notary)

A-42

EXHIBIT "A"

Office - Supreme Court, U.S.
FILED
FEB 22 1983
CLERK

NO. 82-1084

IN THE

Supreme Court of the United States

OCTOBER TERM, 1982

ASSOCIATION OF CO-OPERATIVE MEMBERS, INC. and ELMER GIBSON,
Petitioners,

v.

FARMLAND INDUSTRIES, INC.,
Respondent.

On Petition For Writ Of Certiorari To The United States Court Of Appeals For The Fifth Circuit

RESPONDENT'S BRIEF IN OPPOSITION

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QUESTION PRESENTED

1. Whether the licensee-estoppel doctrine prevents Farmland Industries, Inc. from acquiring common law trademark rights to a composite trademark, an element of which it uses by agreement with a third party, where such third party expressly recognizes the common law trademark rights of Farmland Industries, Inc. in and to the composite trademark.

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NO. 82-1084

IN THE

Supreme Court of the United States

OCTOBER TERM, 1982

ASSOCIATION OF CO-OPERATIVE MEMBERS, INC. and ELMER GIBSON,
Petitioners,

v.

FARMLAND INDUSTRIES, INC.,
Respondent.

On Petition For Writ Of Certiorari To The United States Court Of Appeals For The Fifth Circuit

RESPONDENT'S BRIEF IN OPPOSITION

Comes Now Respondent Farmland Industries, Inc., and respectfully requests that this Court deny the petition for writ of certiorari.

JURISDICTION

Petitioners' assertion is correct that the Court has jurisdiction under 28 U.S.C. § 1254(1) over the judgment

entered by the United States Court of Appeals for the Fifth Circuit.

STATEMENT OF THE CASE

This is a trademark case in which the District Court for the Western District of Texas, San Antonio Division, granted a partial summary judgment that Respondent Farmland Industries, Inc. ("Farmland") has a common law trademark right in and to the trademark set out below, known as the "Double Circle" trademark.

The District Court also found that the use of Petitioners Association of Co-Operative Members, Inc. ("Association"), and Elmer Gibson ("Gibson") of the marks set out below infringed upon Farmland's trademark. The Court of Appeals for the Fifth Circuit affirmed both of these holdings.[1]

1. The District Court also held that Petitioners had willfully and intentionally infringed upon Farmland's trademark. The Fifth Circuit dismissed Petitioners' appeal of this ruling, holding that the determination of intent was unnecessary to the injunction granted by the District Court, and therefore an appeal of that point was not properly before the Fifth Circuit under 28 U.S.C. § 1292(a)(1).

The material facts in this case are not in dispute.[2] They are set out in detail in the opinion of the Fifth Circuit. *See* Appendix A at pp. A-13-17 to Petition for Writ of Certiorari. In short, Petitioners do not deny that Farmland's appropriation and use of its trademark, standing alone, are sufficient to establish ownership of a common law trademark. Nor do Petitioners deny that their logos are likely to be confused with Farmland's, and would be an infringement if Farmland owned the Double Circle trademark. Petitioners' position throughout is that because Farmland uses the word "COOP" by agreement with Universal Cooperatives, Inc. ("Universal"), it may not

2. Farmland submitted seventeen affidavits and excerpts from depositions of Gibson and officers of the Association which support all of the facts set out herein and in the opinion of the Fifth Circuit. None of these facts have ever been disputed by Gibson or the Association.

acquire common law rights in its composite Double Circle trademark.

Universal has numerous trademark registrations for the word "CO-OP." It has never registered or attempted to register the Double Circle trademark as its own. By agreement, Universal permits Farmland to use the word "COOP" in Farmland's composite Double Circle trademark. Universal expressly recognizes Farmland's common law trademark right in the Double Circle trademark, and makes no claim to Farmland's Double Circle trademark. *See* Appendix "D" at p. A-39 to Petition for Writ of Certiorari.

REASONS FOR DENYING THE WRIT

SUMMARY OF THE ARGUMENT

The pivotal question in this case is who owns the Double Circle trademark. Petitioners contend Universal, not Farmland, owns the Double Circle trademark, although Petitioners concede that Farmland has satisfied all common law requirements to ownership of the Double Circle and Universal has never used the Double Circle trademark. Significantly, Universal itself denies that it owns the Double Circle trademark, and expressly recognizes Farmland's common law trademark rights to the mark. Faced with these facts, the Court of Appeals correctly ruled that Farmland owns the Double Circle, and affirmed this finding of the District Court.

Petitioners argue that because Farmland does not have the exclusive right to use a component of its composite trademark, it cannot own the composite trademark. This argument is without merit, because it is well established

that one may have trademark rights in a composite trademark even though one may not have a recognizable trademark right to a component of the composite trademark.

The licensee-estoppel doctrine, relied upon by Petitioners, is inapplicable to this case. It only applies to the situation where a licensee is challenging the licensor's rights to the licensed trademark. The trademark in question here, the Double Circle, is not the subject of a license agreement, and both the alleged licensee, Farmland, and the alleged licensor, Universal, agree that Farmland owns the Double Circle.

Ownership of the Double Circle trademark is determined by usage. Farmland is the only party that has used the Double Circle (until Petitioners' infringement). It has spent millions of dollars successfully establishing secondary meaning in the trademark. Farmland, as well as the general public, is entitled to the protection afforded it by the courts below. The decision of the Court of Appeals should be affirmed.

I. The Writ should be denied because the Fifth Circuit decision was based on state law as applied to a unique set of circumstances which are unlikely to reoccur.

This is a diversity case in which the issue presented is governed by Texas law. The Fifth Circuit found no Texas precedent on the question, and applied general trademark principles to the unique facts before it. As a pronouncement of Texas law applied to a unique situation, the Fifth Circuit opinion will affect relatively few litigants, and the writ should be denied.

The circumstances are unusual. None of the issues generally found in a trademark case arise here. Farmland's exclusive use and appropriation of the Double Circle trademark for twenty-five years is undisputed. In the last decade alone, Farmland has spent over $45 million in advertising associated with its Double Circle trademark. In so doing, it has created secondary meaning in the market, and people associate the Double Circle trademark exclusively with Farmland, to the degree that Farmland's member cooperatives are known as the "Double Circle Co-ops." Petitioners' infringement is undisputed as well. Their use of a logo which, by their own admission, is "virtually identical" (Deposition of Deborah Gibson, President of the Association and Gibson's wife), not only creates a likelihood of confusion, but actually has caused confusion. In fact, Petitioners never even denied that the infringement was intentional until their reply brief before the Fifth Circuit. Instead, Petitioners have based their entire defense on the licensee-estoppel doctrine, which provides that a licensee may not set up an adverse claim to a trademark as against its licensor. Yet, in the case at bar, Farmland has set up no claim adverse to the licensor, Universal, and Universal recognizes that Farmland owns the Double Circle trademark.

Consequently, the Court is faced with a highly unlikely situation where all the parties agree that (1) Farmland has met all the requirements for acquiring a common law trademark and (2) infringement exists. Petitioners argue, however, that Farmland is not entitled to relief, because Universal, not Farmland, owns the Double Circle trademark. *See* Petition for Writ of Certiorari at p. 6. Yet Universal has unequivocally stated that it does *not* own the Double Circle trademark, Farmland owns it. This type

of controversy (or lack thereof) is unlikely to reoccur, and does not warrant an exercise of this Court's jurisdiction.

II. The writ should be denied because the Court of Appeals properly applied the law of Texas and held that the licensee-estoppel doctrine does not prevent Farmland from acquiring common law trademark rights in and to its Double Circle trademark.

A. The licensee-estoppel doctrine does not apply where the licensee is not claiming any rights adverse to the licensor.

Under the licensee-estoppel doctrine, a licensee is precluded from challenging the validity of the licensed mark or its ownership by the licensor. Petitioners' reliance on this doctrine evidences their misconception of what is at issue in this case. Universal, through its Bylaws, permits Farmland to use Universal's registered trademark, the word "CO-OP." Farmland does not challenge the validity of this mark or Universal's ownership of it. Use of the word "CO-OP" standing alone, is not the issue in this case, and there is no dispute between Farmland, the alleged licensee, and Universal, the alleged licensor. Consequently, the licensee-estoppel doctrine does not apply.

The issue in this case is whether Farmland has the exclusive right to use its Double Circle trademark. Universal, by its own unequivocal admission, uncontroverted below, admits that it claims no rights to Farmland's Double Circle trademark. In fact, Universal recognizes Farmland's common law right to its Double Circle trade-

mark. The Double Circle trademark is not the subject of any license agreement between Farmland and Universal. Therefore, the licensee-estoppel doctrine is simply irrelevant to this case.

B. Farmland has common law trademark rights in its composite trademark even though it does not have the exclusive right to a component of the trademark.

In essence, Petitioners contend that Farmland cannot have the exclusive right to its Double Circle trademark because it does not have the exclusive right to an element of the composite, the word "COOP." The Court of Appeals properly rejected this contention.

A trademark must be considered in its entirety, and not by analysis of the various components of a trademark. *Estate of Beckwith v. Commissioner of Patents*, 252 U.S. 538 (1920). One may own a composite trademark without having the exclusive right, or any recognizable trademark right, in an element of the composite trademark. For example, generally one may not acquire trademark rights to a generic or common term, yet one may acquire trademark rights to a composite mark an element of which is a generic term. *E.g., In re Colonial Stores, Inc.*, 394 F.2d 549 (C.C.P.A. 1968); *Application of Miller International Co.*, 312 F.2d 819 (C.C.P.A. 1963); *Q-Tips, Inc. v. Johnson & Johnson*, 206 F.2d (3rd Cir. 1953); J. McCarthy, *Trademarks and Unfair Competition*, Vol. 1, § 12:12 (1973). The same is true where one of the components actually belongs to another party. *In re Franklin Press, Inc.*, 597 F.2d 270 (C.C.P.A. 1979).

Thus, Farmland has trademark rights in its composite mark even though it has no exclusive right to an element of the mark. This is consistent with the practice of disclaiming rights to portions of a composite mark in filings with the Patent and Trademark office. *Id.*

Petitioners suggest that the word "COOP" is the dominant element of the Double Circle trademark, and therefore ownership of the entire mark merges into Universal's ownership of the word "CO-OP." Petitioners are wrong for several reasons.

First, Petitioners offered no evidence in support of this proposition and in fact did not even raise this issue until their Motion for Rehearing in the Court of Appeals.

Second, Petitioners are not in a position to contend that Universal, not Farmland, owns the Double Circle. *Cf. Application of Franklin Press, Inc., supra.* (Patent and Trademark Office cannot require deletion of third party mark from composite where third party does not object to its inclusion.) That is a matter between Universal and Farmland, about which there is no controversy. Universal's stated position is that Farmland, not Universal, owns the Double Circle trademark.

Third, the undisputed evidence demonstrates that the double circle design is the dominant element of the mark. Farmland's members are known as the "Double Circle CO-OPS," and even a cursory review of the advertising materials submitted to the District Court would indicate the prominence of the double circle design to the trademark. The Court of Appeals carefully considered this issue and correctly decided that Farmland's use of the

word "COOP" by agreement with Universal does not prevent Farmland from acquiring a common law trademark in the Double Circle.

C. Policy underlying trademark law supports the decision of the Court of Appeals.

A fundamental principle of trademark law is that trademark rights are created by use. *United Drug Co. v. Theodore Petanus Co.*, 248 U.S. 90 (1918); *Blue Bell Inc. v. Farah Manufacturing Company, Inc.*, 508 F.2d 1260 (5th Cir. 1975). Farmland is the only entity that has used the Double Circle trademark; Universal never has. Therefore, while Universal may have trademark rights in the word "COOP," it has no trademark rights in the Double Circle, as it freely admits.

Petitioners argue that Farmland's use of the word "COOP" inures to the benefit of Universal, and therefore Universal owns the Double Circle trademark. This non sequitur will not withstand close scrutiny. As the Court of Appeals noted, the Double Circle trademark is not the subject of any license agreement and Universal makes no claim to it. Consequently, the line of authority which holds that a licensee's use of a licensed registered trademark may strengthen the licensor's claim to the licensed trademark is inapposite. In any event, that line of authority is limited to certain circumstances where, for example, the licensee is a "related" company, 15 U.S.C. §§ 1055, 1127, and the licensor exercises sufficient control over the licensee. *Turner v. HMH Publishing Company*, 380 F.2d 224 (5th Cir.) *cert. denied* (1967). Petitioners offered no evidence on either of these points

below.[3] Moreover, Petitioners' position would be an unwarranted extension of this doctrine. A licensor's use of a licensed trademark cannot *create* rights for the licensor in a different trademark which the licensor has never used, licensed or claimed, or, as in this case, in which the licensor affirmatively disclaims any interest.

This result is entirely consistent with the purposes underlying trademark law. Trademark law is designed to protect two separate interests, that of the owner of the trademark and that of the consuming public. *Inwood Laboratories, Inc. v. Ives Laboratories, Inc.*, 102 S.Ct. 2182 (1982). The owner of the trademark is entitled to protection of its investment in its trademark and of the valuable goodwill associated with its trademark. *Dallas Cowboys Cheerleaders, Inc. v. Pussycat Cinema Ltd.*, 604 F.2d 200 (2d Cir. 1979). As the Senate report to the Lanham Act, 15 U.S.C. § 1051 *et seq.*, states, the owner should be "protected in his investment from its misappropriation by pirates and cheats." S. Rep. No. 1333, 79th Cong. 2d Sess. (1946), U.S. Code Cong. Service, p. 1274 (1946). On the other hand, the consuming public has the right to rely on known trademarks, so that when it sees the trademark it can purchase the product or service confident that it comes from the true source. *Id.; Blue Bell, Inc. v. Farah Manufacturing Company, Inc., supra.*

Both of these interests flow from usage. The owner of a trademark invests, in many cases, millions of dollars in a trademark through usage such as advertising, packaging

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3. In fact, Petitioner offered no evidence below other than copies of several incomplete files of the United States Patent and Trademark Office. *See* Opinion below, Appendix A at A-24, n.5 to Petition for Writ of Certiorari.

and in every other aspect of the marketing of a product. The public acquires a right to rely on a trademark through years of association of the trademark with the particular good or service. Thus, it is consistent with the interests to be protected by trademarks that the right to protection be based on usage.

Finally, there is a third interest served by the protection of trademarks—commercial morality. One business simply should not be able to reap the benefits of another's efforts in creating secondary meaning for a trademark. *E.g.*, *World Carpets Inc. v. Dick Littrell's New World Carpets*, 438 F.2d 482 (5th Cir. 1971).

All of these policies support the Court of Appeals' decision that Farmland owns the Double Circle trademark even though it has the right to use an element thereof by agreement with Universal. Farmland has used the trademark exclusively over the past 25 years, and in the last decade alone has spent over $45 million associated with the trademark. These efforts have created enormous consumer awareness. Petitioners have attempted to capitalize on Farmland's efforts, and their use of an infringing logo has already tricked several consumers. Farmland's enormous investment should be protected, as should the public's right to rely on the trusted Farmland Double Circle. Moreover, in the interests of commercial morality, Petitioners should not be permitted knowingly to palm off their services as Farmland's and thereby take advantage of Farmland's goodwill unfairly.

Yet, a holding that Farmland cannot stop these abuses would leave the interests which trademark law is designed to protect absolutely defenseless. No other entity could step forward and claim an exclusive right to the trade-

mark. Petitioners claim Universal owns the Double Circle, yet Universal itself disagrees, and in fact has never used the trademark or licensed its use. Having never claimed, used or licensed the trademark, Universal would be unable to prevail in any case it might bring to protect the Double Circle. In addition, it would be unable to show either secondary meaning or a likelihood of confusion. As a practical matter, it would not have any incentive to protect the Double Circle because Universal does not have any investment in it and, without confusion, Universal is unlikely to be harmed by another party's use of the trademark.

Therefore, a holding that Farmland, or any other user of a composite trademark in the same situation as Farmland, cannot protect its trademark would have a calamitous effect. In this case, it would permit the Petitioners to prey on unsuspecting members of the public who are accustomed to relying on the Farmland Double Circle, with resulting damage to both Farmland and the general public. Under Petitioners' view of the law, only Universal could protect the trademark, yet Universal itself disclaims any right to the trademark.

Such an illogical result cannot prevail, and runs completely counter to the principles and purposes of trademark law. Farmland is the sole user of the Double Circle. The Double Circle, as a composite trademark, is not the subject of any agreement with a third party. Through Farmland's efforts, the public associates the Double Circle exclusively with Farmland. Consequently, Farmland owns the Double Circle, and Farmland has the right to protect the Double Circle and the public from Petitioners' admitted infringement.

The Court of Appeals correctly applied general trademark principles in this diversity case. It reached a reasoned decision consistent with the purposes of trademark law, a decision which affords protection to those interests trademark law is designed to protect. Review of this decision is unnecessary.

CONCLUSION

For all of the reasons stated above, Respondent Farmland Industries, Inc. respectfully requests this Court to deny Petitioners' petition for certiorari.

Dated February 18, 1983.

Respectfully submitted,

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PROOF OF SERVICE

I, Patton G. Lochridge, a member of the Bar of this Court, do hereby certify that three true and correct copies of the above and foregoing Respondent Farmland Industries, Inc.'s Brief in Opposition have been served on each party separately represented in this proceeding by depositing the same in a United States post office with first-class postage prepaid, certified, return receipt requested, on this 18th day of February, 1983, addressed as follows:

John C. Stahl
P. O. Box 13236
San Antonio, Texas 78213

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